

April 30, 2003

To: Each Supervisor

From: Carlos Jackson, Executive Director

**SUBJECT: REVISED RESPONSE TO FEBRUARY 25, 2003 MOTION
REGARDING HOMELESS AND SPECIAL NEEDS
POPULATIONS**

Please find attached a revised report regarding homeless and special needs populations filed on March 27, 2003 in response to a motion by the Board of Supervisors at its February 25, 2003 meeting. A complete revised report is being submitted since the revised page one affects the overall pagination of the report. The purpose of these revisions is to clarify the eligible use of the County's federal Community Development Block Grant (CDBG) and HOME Program funds for homeless populations.

The report states that these funding sources "*cannot be used within the City of Los Angeles.*" While both the County and City of Los Angeles may use their CDBG funds to benefit homeless populations in each other's jurisdictions, typically, this is not the case. Each jurisdiction receives a CDBG allocation based upon a formula that includes census information collected from homeless persons, as well as other populations. The limited amount of CDBG funding received by the County is a major consideration in this decision.

The report notes on page 8, however, that the County does provide CDBG funding for various agencies that serve homeless populations in both the County and City of Los Angeles. It should further be noted that CDBG regulations generally prohibit the use of CDBG funds outside of the grantee's jurisdiction for any population other than the homeless.

HOME Program funds, which are also subject to formula allocations, may be jointly used between two HOME Participating jurisdictions for the mutual benefit of each other's residents, such as the City and County. However, HOME funds cannot be used for emergency shelters or services of any type.

If you have questions or need additional information, please contact me at (323) 890-7400.

CJ:TKSR:gk
Attachment

c: David E. Janssen, Chief Administrative Officer
Violet Varona-Lukens, Executive Officer

COUNTY OF LOS ANGELES

Revised Response to February 25, 2003 Motion By the Board of Supervisors

Los Angeles County Assistance Provided to Homeless and Special Needs Populations

Introduction

The Board of Supervisors, at its February 25, 2003 meeting, took action directing the Community Development Commission (CDC) and the Chief Administrative Officer (CAO), in cooperation with the Los Angeles Homeless Services Authority, (LAHSA) a Joint Powers Authority between the County and City of Los Angeles, to report to the Board regarding the “issues and strategies relating to projects, special needs and programs for the homeless including any available funding for the Downtown Los Angeles area.” Attachment I is the text of the full motion as passed by the Board.

While the Board motion seeks to identify the resources available to the “Downtown Los Angeles area,” it is difficult to quantify such resources beyond the City of Industry Fund projects identified on page 8 of this report. That is because the County Departments’ housing and service responsibilities for special needs and homeless populations are generally “Countywide” in nature. Additionally, although both the County and City of Los Angeles may use their federal CDBG funds to benefit homeless populations in each other’s jurisdictions, typically, this is not the case. Each jurisdiction receives a CDBG allocation based upon a formula that includes census information collected from homeless persons, as well as other populations. The limited amount of CDBG funding received by the County is a major consideration in this decision. The CDBG formula and relative amounts of CDBG funding received by the County and City are discussed in greater detail elsewhere in this report. It should further be noted that CDBG regulations generally prohibit the use of CDBG funds outside of the grantee’s jurisdiction for any population other than the homeless.

HOME Program funds, which are also subject to formula allocations, may be jointly used between two HOME Participating jurisdictions for the mutual benefit of each other’s residents, such as the City and County. However, HOME funds (and the City of Industry Fund) as the CDC’s two principal sources of capital funding for housing, *cannot be used for emergency shelters or services of any type*. Therefore, this report discusses collaborative efforts among County agencies and with nonprofit organizations that serve populations in the City of Los Angeles and, many times, within the “Downtown area,” as well.

The CDC has communicated with the CAO and LAHSA in order to obtain information on programs outside the immediate purview of the CDC and to discuss an approach in this report that is responsive to the Board's request. This report includes: (1) a Summary of Conclusions and Recommendations; (2) in the "Background" section, a description of the funding environment for special needs/homeless housing; (3) a description of current housing resources and collaborative models utilized by the County to produce service-enriched housing for special needs populations, including the homeless; (4) a description of resources that have been made available by the County to the City of Los Angeles, including the "Downtown" area; and (5) strategies for addressing the needs of the targeted populations. The table in Attachment II summarizes the various forms of assistance provided by the County to special needs populations, including the homeless. The table lists subtotals for three levels of assistance: (1) the County's contribution to LAHSA; (2) the County's contribution to homeless and special needs programs; and (3) County homeless and special needs program resources made available to the City of Los Angeles. All numbers were compiled to the best of our ability using sources both within and outside of the CDC.

Summary of Conclusions and Recommendations

- The homeless population in "Downtown" Los Angeles is part of an overall group whose need for shelter and supportive services are addressed in comprehensive plans required by funding agencies (e.g., L.A. County and City Consolidated Plans and the LAHSA Continuum of Care).
- Funding sources for these populations are generally restricted by geographic area, the type of shelter, the target population group, or the component housing activity. The overwhelming amount of available funding is not for shelter beds, but for housing that emphasizes client outcomes and transition to supportive or independent living, rather than only the provision of sleeping quarters.
- The City receives \$3.2 million in federal Emergency Shelter Grant funds, compared to the County's \$1.3 million. More importantly, the City of Los Angeles receives \$89 million in federal Community Development Block Grant (CDBG) funds, compared to approximately \$19 million for the unincorporated County. Additionally, the City's CDBG funds are used entirely within the City limits while the County's funds must be made available throughout the entire unincorporated County area. **The City's greater contribution to LAHSA is directly attributable to the larger amount of CDBG funds received by the City.**
- The County's administrative FY2002-2003 contribution of \$6,250,000 is in compliance with the Agreement governing the LAHSA.

- The County collaboratives* have resulted in \$50 million being awarded to 55 special needs/homeless projects since June 1997. An additional \$1 million in County CDBG public service funds was provided for a variety of homeless populations in the last year.

*City of Industry Fund; CDC/LAHSa/Department of Children and Family Services (DCFS) Supportive Housing Program; CDC/County Department of Mental Health (DMH) Transitional Housing Program.

- Since 1994, \$32 million in Section 8 rental assistance has been provided to over 2,200 homeless households.
- Since 1998, the County has provided, through its City of Industry Fund, \$51 million for 60 projects located in the City of Los Angeles. Over \$28 million of these funds were awarded to 26 projects for transitional housing to assist homeless special needs populations.
- During the last year, \$7.5 million from a combination of DMH, CDBG, and the Industry Fund was allocated for projects serving the homeless in the City of Los Angeles. This does not include \$16,644,000 that was available from DMH services for homeless persons throughout the County in that year, approximately \$15 million annually from the DCFS for children and young adults 14-21 years old, including the homeless, and other public social service and health responsibilities borne by the County.
- The most effective way to address all aspects of the homeless issue within the Continuum of Care is to continue the successful collaborations established among County Departments, the City of Los Angeles and LAHSA.

Background

Existing Need-Based Studies for Allocating Resources:

An often-quoted figure from reports prepared by Shelter Partnership, Inc, a nonprofit advocate for the homeless, is that approximately 84,000 individuals are homeless in Los Angeles County on any given night. Approximately 50% of the County's homeless population is located in the City of Los Angeles, according to Shelter Partnership. This homeless population is part of an overall group of persons requiring special needs housing with attendant supportive services, that additionally includes "at-risk" homeless and persons in "transitional housing."

The strategies for identifying needs, developing programs and allocating resources for these populations are circumscribed by a number of requirements, including:

- Plans submitted to Federal and State agencies as part of funding proposals.
- Fund restrictions based upon housing type (e.g.- emergency shelters having a typical tenancy of up to 30 days, transitional housing having a typical tenancy from 6 months - 2 years, and permanent housing).
- Fund restrictions based upon a specific population (e.g.- emancipated foster youth, mentally ill, HIV/AIDS, or “welfare-to-work”).
- Fund restrictions based upon a component housing activity (e.g., capital funding for rehabilitation or new construction, operating costs for maintenance and property management, or services).

The need of chronically homeless populations to obtain emergency shelter in a defined geographic area (i.e., “Downtown Los Angeles”), is dependent upon the availability of funds that are specifically eligible for that geographic area, as well as the needs among competing populations for limited resources.

Coordinated Funding Applications

The local Continuum of Care funding application prepared and submitted by LAHSA on behalf of local entities to HUD for its annual, nationwide Super Notice of Funding Availability (Super NOFA) is an excellent example of a coordinated plan for allocating such resources. LAHSA is the only eligible applicant to HUD for these funds, and LAHSA has consistently noted in such plans that there are significant gaps in the availability of housing options designed to assist homeless persons to become self-reliant and maintain their self-sufficiency. The challenges for this population are complex: a large number of these individuals are service resistant and may include both mental illness and multiple substance abuse. The Continuum of Care submission details the particulars of homeless issues, resources and service gaps in each geographic area that applies for funding.

HUD’s Continuum of Care approach is designed to ensure that needs assessment and long range planning to address homelessness takes place in communities. In response to HUD’s requirements, housing for homeless populations is explored in three tiers – emergency shelters, transitional housing and permanent housing. Experts acknowledge that a lack of resources at any level of the continuum creates obstacles to achieving long-term solutions to homelessness. The four policy recommendations in the March 13, 2003 report of the Los Angeles County Sheriff’s Homeless Advisory Committee that address housing type, all speak to the need for Transitional Housing. The report further states, “Providing more shelter beds is not the answer.”

In Los Angeles County, LAHSA's needs assessment identifies that there are insufficient beds in all segments of the continuum. The 2002 Continuum of Care gap analysis reveals a shortfall of over 10,000 emergency shelter beds, nearly 22,000 transitional housing beds and nearly 26,000 permanent housing beds. The increase over the 2001 figures was greatest for transitional beds (28%), followed by permanent housing and emergency shelter beds.

Separate Consolidated Plans submitted to HUD by the CDC on behalf of the County and by the City of Los Angeles further identify housing needs for a broad variety of populations and propose programs and resource allocations to meet those needs. It is apparent within these County and City approved plans that the chronic homeless population in Downtown Los Angeles is but one part of the housing and service needs throughout the County of Los Angeles.

Funding Source Allocations and Restrictions:

In addition to the competing demands upon resources, the County and City of Los Angeles have distinct legal, geographic and programmatic responsibilities, as well as differing resources available to meet those responsibilities. Additionally, there is an acute shortage of funds to operate housing of all types. Some examples are as follows:

- Community Development Block Grant Funds (CDBG)—These federal funds from HUD can be used for a variety of purposes to support housing, community development, economic development and service needs. The service monies in the CDBG Program are capped at 15% of the total grant as of June 2004. Consequently, the City of Los Angeles receives a great deal more CDBG funds than the unincorporated County to devote toward services. The County receives \$37 million annually, which is roughly split in half with the 48 CDBG Participating Cities within the County, based upon an objective formula that includes factors of population, poverty and overcrowding. The County's CDBG allocation is based upon the application of this formula to the unincorporated County area and the CDBG Participating Cities. The cities that participate in the Urban County CDBG program are given the autonomy to decide what types of projects they fund in their communities, based on the needs they have identified. These projects may or may not include funding for homeless activities. The City of Los Angeles receives \$89 million annually to be used only within City boundaries, which is nearly five times the amount available for the unincorporated County. In addition, the City retains full discretion relative to the types of projects and activities that it decides to fund.
- HOME Program Funds—These federal funds from HUD can be used essentially for capital assistance (rehabilitation and new construction) to produce transitional and permanent housing. *These funds cannot be used to fund emergency shelters.* The County of Los Angeles receives \$14 million annually, while the City of Los Angeles receives over three times

that amount (\$45 million) to be used solely within the City's boundaries and subject to its discretion.

- Emergency Shelter Grant Funds (ESG)—These federal funds from HUD are specifically allocated for the construction, rehabilitation and operation of emergency shelters. Again, the City of Los Angeles receives nearly two and one-half times the annual amount of funds (\$3.1 million) as is received by the County (\$1.3 million). Consistent with the Joint Exercise of Powers Authority Agreement governing LAHSA, both the County and City transfer their entire amount of ESG funding to LAHSA.
- Housing Opportunities for Persons With AIDS (HOPWA)—The City of Los Angeles receives nearly \$11 million annually that can be used in all cities throughout the County. The County of Los Angeles does not receive any HOPWA funding from HUD.

County Collaborative Efforts for Special Needs/Homeless Housing

The Los Angeles Homeless Services Authority:

The Los Angeles Homeless Services Authority (LAHSA) is a Joint Powers Authority between the City and County of Los Angeles established to address homeless issues and to apply under a coordinated funding approach to the U.S. Department of Housing and Urban Development (HUD) for Stewart B. McKinney Act funds, which is the principal source of federal funds directed toward the production of service-enhanced shelter. Under the competitive nationwide funding application, which is known as the Super Notice of Funding Availability (Super NOFA), LAHSA establishes a Continuum of Care that assesses and responds to identified needs in the areas of emergency shelters, transitional and permanent housing and associated services. LAHSA reviews and approves activities for the construction, rehabilitation, and delivery of services to emergency shelters.

Current Resources: In Fiscal Year 2002-2003, the County contributed approximately one-third of LAHSA's \$20 million budget, with the remainder coming from the City of Los Angeles. This is consistent with the relative amounts of ESG and CDBG funds received by the County and City, which are 3-5 times greater, respectively for ESG and CDBG (County unincorporated area) than for the City, as described above. As stated above, these are allocations fixed by HUD. In the case of "discretionary" General Funds, the County in FY2002-2003 contributes \$875,000 (64%) of the \$1.375 million of General Funds available to LAHSA. While the City receives greater funding from these sources that can be utilized for emergency shelters, which was the subject of the February 25th presentations made to the Board, the County also funds the entire \$1.190 million to LAHSA available for homeless emancipated foster youth. The County and City provide essentially the same amount of funding to LAHSA for General

Administration, and the County provides an additional \$400,000 in administration for special programs. The County's administrative contribution is in compliance with the Agreement governing the JPA. Attachment III is a summary of LAHSA funding over three years.

The Community Development Commission of the County of Los Angeles (CDC)

The CDC is the County agency designated with the responsibility of providing affordable housing for low-income residents, including a variety of special needs populations. While LAHSA has resources to fund emergency shelters, the CDC's funding source requirements and activities focus upon transitional and permanent housing. Transitional housing provides a supportive program, typically for a period of time between six months and two years, after which the person can progress to independent living. Permanent housing has on-site or off-site services attached with the housing management. However, the CDC has collaborated in various "program models" that seek to combine the capital resources available to the Commission with operating and service resources available from other County and non-County agencies.

- City of Industry Funds—The Housing Authority of the County of Los Angeles (HACoLA) has awarded \$95 million to 116 projects located within 15 miles of the City of Industry, including incorporated cities, since June 1998 when the Board of Supervisors approved an allocation plan that, among other things, set-aside up to one-half of the funds for special needs populations, which can include at-risk and homeless populations. Since that time, \$39 million has been awarded to 41 special needs projects. These projects may leverage funding with the State's Multifamily Housing Program, as suggested by the speakers at the February 25 Board meeting.
- CDC/Department of Children and Family Services (DCFS) /LAHSA Supportive Housing Program (SHP)— Over the last three years, the CDC has used over \$9 million in HOME Program and CDBG capital funding, and LAHSA Supportive Housing Program (SHP) funding to provide over 150 transitional housing beds in 13 projects for homeless young adults 18-21 years of age that are emancipated by the courts from the County's foster care program. *This population is the sole responsibility of the County, and no funding is provided by the City for this purpose.*
- CDC/Department of Mental Health (DMH) Transitional Housing Program (THP)— The CDC works with DMH to utilize a variety of funding sources for operating costs. One program has produced 18 units of transitional housing with support services for emancipated foster youth with mental disabilities, and future projects are in the development stage. The CDC contributed \$2 million in capital costs to this project and DMH contributed \$750,000.

- CDC/DCFS/LAHSA Homeless Emancipated Youth Program—The CDC has entered into Board-approved MOUs with DCFS and LAHSA to annually transfer to LAHSA \$1,190,000 in ILP funds to be incorporated in LAHSA's procurement process for housing locators, project operating assistance for emergency shelters and transitional housing, and to provide administrative support to LAHSA. The CDC may also provide capital assistance for approved projects. This strategy was developed under the ILP Design Team, which was created by the Board of Supervisors.

Additional CDC programs for homeless populations include:

- Housing Authority Section-8 Special Programs— Since 1994, over 2,200 units, amounting to over \$32 million of rental assistance, have been contracted through special programs for the homeless. These programs include: Homeless Section-8 Voucher Set-Asides including Long-Term Family Self-Sufficiency, Shelter Plus Care Programs for the disabled homeless, and HOPWA HACoLA rental assistance for persons living with HIV/AIDS, including the homeless. The Shelter Plus Care Program is a collaborative with LAHSA that currently provides rental assistance for 215 units.
- CDBG Homeless Assistance—These funds are provided to nonprofit agencies to assist a variety of homeless populations in the unincorporated County and CDBG Participating Cities. In some cases, these agencies also serve homeless populations living within the City of Los Angeles. During the last two years, over \$1 million has been provided for this purpose.

County Resources Made Available by the County to the City of Los Angeles

The various resources discussed above have been made available within the City of Los Angeles, as follows:

- City of Industry Funds— Approximately \$51 million or 54% of the total amount awarded under this funding source went to 60 projects within the City of Los Angeles. Of the \$37 million awarded to 40 special needs projects, \$28,533,000 or 77% was awarded to 26 projects within the City of Los Angeles. Many of these projects utilize County-funded nonprofit providers for support services and property management. Four of these projects are located in the Downtown area and were awarded a total of nearly \$5 million for 219 beds. In FY2002-2003, the award for special needs projects within the City amounted to \$2 million for two projects.

- CDBG Homeless Assistance—Of the \$1,128,074 in CDBG funds provided during the last two years to nonprofit agencies serving the homeless, approximately 50% (\$563,305) have been given to agencies that also serve the City of Los Angeles.
- County Department of Mental Health—The Department's principal funding source for the homeless is State AB2034 funding (currently at \$16,644,000), which is available for use in Los Angeles City, as well. With the exception of \$4.1 million provided for Bell Shelter and \$16,000 for the Ocean Park Community Center, the remaining \$4,932,000 in DMH funds for the homeless during FY2002-2003 have been allocated for programs that serve the homeless population of the City of Los Angeles.
- County Department of Children and Family Services (DCFS)—The Department provides up to \$17 million annually to provide support services and housing for "emancipating" children 14-17 years of age in foster care and for young adults 18-21 years of age that are emancipated by the courts from the County's foster care program and may be homeless. As with the housing funds referenced above in the "Collaborative" section, this population is *solely* funded through County programs.
- County Departments of Public Social Services (DPSS) and Health—These Departments provide numerous services to the homeless as part of the County's general responsibility in this regard. Last year, the amount from DPSS was \$2.4 million.

Conclusion and Strategies for Special Needs and Homeless Populations

Conclusions

Summary of County Funding

The County of Los Angeles is responsible for a wide array of public, social and health services that are made available to the poorest residents throughout the County, including the City of Los Angeles. Within the broad context of this service burden, the County attempts to target specific needs through the allocation and targeting of resources. Many of these resources are restricted by law, by requirements of the funding source, and through the Board of Supervisor's approved spending plans that have been developed in concert with community input and criteria established by funding agencies. The need expressed by speakers at the February 25 Board meeting to address funding for the Emergency Shelter Program within the City of Los Angeles relates to one specific program in a broad array of County responsibilities, albeit an important one.

Nevertheless, within this context, the County devotes a significant amount of resources to special needs populations, including the homeless, within the City of Los Angeles. This assistance amounted to \$7,495,505 in FY2002-2003, which does not include the County's contribution to LAHSA or expenditures from the Department of Public Social Services and Health Services. Additionally, \$16,644,000 was available from the Department of Mental Health services for homeless persons throughout the County in that year, and approximately \$15 million annually from the Department of Children and Family Services for children and young adults 14-21 years old, including the homeless. Also, \$28,533,000 from the Industry Fund has been awarded to date to special needs projects located within the City of Los Angeles.

The County has utilized a variety of collaboratives that have produced successful housing models directed toward specific special needs populations. These models bring together a coordinated interdepartmental, as well as interjurisdictional approach to combining the various aspects of funding supportive housing; that is, the capital, ongoing operating costs, and supportive services. Similarly, housing providers are given the opportunity to access these funding components in a manner that provides certainty of funding early in the project process.

Constraints

However, the constraints in funding emergency shelters, in particular, are significant. These include:

- Most federal and State funding sources available to the County emphasize support services and client outcomes, rather than only the provision of sleeping quarters.
- The need for emergency shelters (and special needs housing) greatly exceeds the available resources and current resources are being reduced due to several factors. These include the impact of the energy crisis, economic recession and security costs upon the State, and shifting priorities of the federal government in light of increased security and defense costs.
- The need to support existing rather than new projects in the LAHSA/McKinney Program.
- Even if capital funds are obtained to provide new shelters, operating funds are in short supply.

Recommendations and Strategies

1. Encourage project-directed collaborative efforts such as those described in this report. One such effort is the Special Needs Housing

Alliance (SNHA) formed by the New Directions Task Force. The SNHA membership includes representatives from the CDC and County Departments concerned with the provision of special needs housing. The SNHA also includes representatives from LAHSA, and the ILP Taskforce. The SNHA, in conjunction with the Los Angeles County Interagency Operating Group (IOG), commissioned a study by Shelter Partnership on County and City resources available for special needs housing. The draft study has been completed and will be finalized shortly.

2. Continue to collaborate with the City of Los Angeles and special needs housing providers, particularly in consideration of the percentage of the County's homelessness represented within the City.
3. Continue to track state legislative initiatives that may impact the issues of emergency shelters and supportive housing and that the Chief Administrative Officer monitor and advocate legislation that may have potential benefit in enhancing resources for this population and provide specific recommendations for Board positions.

The creation of safe and appropriate service-enriched affordable housing is a complex process. It requires enormous sums of money to create a full continuum of housing resources and supportive services that are most appropriate for this population to help them initially to have access to safe sleeping quarters and, where possible, to ultimately achieve and maintain self-sufficiency in permanent housing. Finding the means to create these resources can not only result in social benefits to those in need but also offer the opportunity for economic stimulus to the County's economy.

CJ:CAO:gk/Rev BOS430 Rprt

Attachments